

DECLASSIFIED AND RELEASED BY
CENTRAL INTELLIGENCE AGENCY
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I. Intelligence Estimate

MAY 1950

1. Part one of the following speculations constitute an attempt to evaluate the significance to our intelligence interests in Germany of the possible appointment of UTILITY to head the Verfassungsschutz, or Office for the Protection of the Constitution, of the Bonn Government. This memorandum is admittedly reflective and introspective, dealing as it does with imponderables which cannot successfully be removed from their context of the fluid situation created by the emergence of a strong German government, the field of reference must be arbitrarily selective. We have attempted to resist exploring the enticing vistas opened up by viewing the present problem in all its global and long range implications, and, believing the strategic consequences to be largely unpredictable, have considered the tactical pros and cons. Part two is a consideration of the probable political implications of UTILITY's appointment, and will be passed to the Office of the High Commissioner in Germany for their decision on the political advisability of the appointment.

2. By the act of assuming the responsibility for the maintenance of this operation in July 1949, CIA also became the responsible custodians of the major assets of post-war German intelligence. It was recognized that CIA thus put itself in the strategic position to assume control of future German intelligence as a major instrument for the long-range fulfillment of its mission in Europe. At the same time it was understood that the success of this strategy would depend upon satisfactory completion of the OSO counter-intelligence mission with the operation before the Western German Government was empowered to create an official intelligence service. By official recognition of any individual or element of the Odeum operation before the proper counter intelligence controls were firmly established the Western German Government would find itself able to rob us of our intelligence assets and with serious strategic or political consequences turn them against us.

3. It has been, therefore, our operating principle as intermediaries to control and coordinate to our advantage the demands made upon Odeum assets through the development of official German security organs with the determination of Odeum to become independent of our authority and achieve official recognition. This tactical plan was conceived as the only means of allowing time for a thorough investigation and identification of Odeum assets. This entire process has been accelerated and intensified by the rapid rehabilitation of German economic and political life. These forces have in turn acted in such a way as to complicate and impede the satisfactory fulfillment of the counter intelligence mission within Odeum. In the light of our strategy to date the present candidacy of UTILITY as chief of the Verfassungsschutz must be treated as premature and strategically undesirable since we can at this time claim only partial control over Utility and his organization. At the same time, it has become increasingly evident that our ability to control and hold the loyalty of German intelligence workers, to the extent to which it was hitherto possible, is weakened in direct proportion to the progress of the reestablishment of Germany. It is most doubtful whether we could, under the best of circumstances, go farther in the establishment of control of the future GIS than the gathering of accurate data on personalities and operations within the ODEUM complex. We are not inclined to believe UTILITY after appointment as head of the Verfassungsschutz would attempt secretly to impede us in this endeavor. It will continue to be in the interests of a strong future German intelligence, and hence, at least in UTILITY's eyes, in his interest, that ODEUM be maintained and improved as a cohesive, effective intelligence organization. We have by now made our point with a large fraction of the ODEUM personnel that operational and personality data is our minimum price for support and trusteeship. Thus, even the extent to which the premature official recognition of UTILITY will handicap us in this respect is problematical.

4. UTILITY has risen since 1945 from the position of a relatively obscure member of the German General Staff to the position of a prime political strategist enjoying both the support of conservative political factions and of certain German industrialists. At the same time he enjoys semi-diplomatic relations with the major intelligence services of Western Europe. There is nothing in his past political record or career nor in the course of his operations under our supervision which would promise us any control over his career in the future. At the same time he has the advantage of his prolonged association with American intelligence which has given him the opportunity to make an accurate estimation of our major strategies and our strength. Clearly from the standpoint of German nationalist interests, he would become a most desirable political asset within the Bonn Government. It should also be borne in mind that he enjoys cordial relations with ranking members of the German military and could easily become a focal point of German planning in that direction. It is not unlikely that in the long run this combinations of qualifications and resources could make of UTILITY a more powerful political figure than any present member of the Bonn Government. It is our impression that he would be quick to realize these opportunities and soon range beyond the normal duties assigned to him as chief of the VS. From the standpoint of our control of future German intelligence, UTILITY is too powerful in his own right to be allowed to accept the position.

5. Should UTILITY be offered and accept the position of the chief of the VS, he will accept with the clear understanding that we recognize the act as a clear severance of his relations with an American sponsored intelligence operation. And moreover, his future relations with us will be governed strictly by the regulations affecting his position agreed upon by the High Commissioner and the Western German Government. We must, however, face the fact that although we may formally prescribe a total severance of the ODEUM-UTILITY ties on his

appointment, it will in practice be an impossible dictum to enforce. The opportunities for clandestine, or unreported, contacts between the two, as well as legitimate excuses for official contact will be far too many for us effectively to monitor. This means that with the official status and facilities provided him as head of the Verfassungsschutz and the comparative intelligence wealth of ODEUM more or less available to him UTILITY could, and almost undoubtedly will, become immediately the de facto head of German intelligence. It should be recognized also that to become the de facto head under these circumstances would not be an empty honor, but would put UTILITY in an operationally effective position in which he would hold most of the cards vis-a-vis allied intelligence in Germany.

6. On the other hand his political prestige is such that he represents an operational obstacle in our command of the Odeum operation. It would, however, for the time being, be to our advantage to hold him in our employment rather than to allow him to act independently on behalf of the Western German Government in intelligence matters. It would be to our immediate tactical advantage to place in the position of chief of the VS a highly qualified technician with no political attachments, even though we acknowledge the fact that such a man would soon find himself under the influence of UTILITY. Since ODEUM was founded on the principle of collaboration rather than on that of the paid agent relationship, we are compelled to treat UTILITY's candidacy or similar candidacies ostensibly as a matter between the Western German Government and a private German citizen. It is not our intention to hold UTILITY in Odeum by arguments of indispensability to the operation, nor do we intend to suggest to him or to any other parties concerned that we will interfere in this matter with the authorities of the High Commissioners or members of the Western German Government.

7. Once UTILITY has assumed this position we are prepared to renegotiate

our relations with the remaining German operators in Odeum in a further attempt to reduce them from collaborator to agent status and to insist upon that agent control data which is necessary for the expedition and completion of the OSO counter intelligence mission within the operation. All existing relationships with political representatives and private industry will be subjected to our review and approval. Furthermore, all nominations to key positions within the ODEUM operating staff will be subject to our approval. It will be our intention to treat Odeum from that point onward as any other operation conducted by this organization in Germany. Our success in this program will depend to a very great extent on the degree to which UTILITY maintains, or attempts to maintain, an influence on the organization. It seems fair to assume that ODEUM will represent too big a plum, both for UTILITY personally and for the future GIS, for UTILITY to relinquish meekly all control over it. That UTILITY could, through intermediaries, continue to exert a considerable influence over ODEUM is most probable. It seems likely, that were UTILITY to continue to make his influence felt in ODEUM, our only course of action would be to follow up leads which would take advantage of disaffection and separatist tendencies within the organization. Although in this way we could probably neutralize UTILITY's support within the organization we might find that in the process we had lessened the efficiency of ODEUM by lending support to rival factions.

II. Political Estimate

1. UTILITY: Judging from his social background, career, and actions since 1945 UTILITY presently or potentially represents the conservative German nationalistic cause. He is on record as believing in the closest possible political and economic collaboration between Germany and Western Europe, particularly with France. Although a Protestant he has allied himself closely with influential Catholic factions both inside and outside Germany. As a

former German general he is closely associated with other prominent members of that class although he has not directly associated himself with what we know of present German militaristic ambitions. It is a fact that with UTILITY's appointment to head the Verfassungsschutz both the Verfassungsschutz and ODEUM would be in the hands of German General Staff types. Regardless of who succeeds UTILITY as head of ODEUM, a sufficient number of general officers will remain in the top staff to exert a definitive influence on the character of the organization. Although he is apparently not closely associated with what we know of present German militaristic ambitions, he does have a direct connection to General SPEIDEL and an unclarified connection with Federal Reconstruction Minister Eberhard Wildermuth. The first of these is viewed, at least by Schumacher, as a protagonist, and the latter as a tool, of resurgent German militarism. He has not shown open antagonism toward leftist political factions with the exception of Communism, but he has ambitiously cultivated prominent German industrialists and members of the landed aristocracy.

2. Political Position within Germany: It is our belief that the appointment of UTILITY to the position of chief of the VS will be immediately interpreted by the leftist opposition to the Bonn Government as a political appointment. There is no reason to believe that UTILITY will find support within the ranks of the SPD. It is much more likely to suppose that he will be branded as a representative of neo-Fascism in Germany. In recent conversations with an OSO representative, Kurt Schumacher inquired as to the internal political ambitions of ODEUM and especially of UTILITY. He explained that regardless of the professional intelligence qualifications involved the SPD could not agree to the establishment of ODEUM as an official CI agency. This view, he said, was due to his conviction that their activities would be aimed against the left only. This alone would seem clear cut evidence that the SPD will oppose UTILITY's candidacy to head the Verfassungsschutz, but we cannot ignore the possibility that Adenauer has

made some sort of deal with the SPD to secure its approval. Vigorous and outspoken opposition to UTILITY in Schumacher's customary fire breathing style could well develop into a diatribe against the Americans and American intelligence methods in Germany. The charge could be made that UTILITY had been chosen for this particular position as an instrument of political oppression in Germany. He is even more vulnerable to collaborationists charges. If it appeared to be a rewarding step in party strategy a personal attack could be launched against him from the standpoint of his collaboration with American intelligence, former German generals and members of the Abwehr and even the SD and the SS which might result in a complete exposure of the Odeum operation and grave embarrassment to our foreign policy.

3. French Political Position: Through our investigations of the Odeum operation, it has become evident that UTILITY would be supported as a candidate by the rightist factions of French intelligence and therefore most likely have the approval of French rightist politicians who were concerned. UTILITY himself has made a consistent effort to ingratiate himself with French intelligence and to advertise his strong faith in a German-French 'entente'. In addition to this we have collected evidence to show that French intelligence has been successful in the clandestine penetration of certain aspects of the Odeum complex. This penetration should have supplied enough information to allow French authorities to come to an independent estimate of the extent of the operation and UTILITY's qualifications for a position in the VS. It is worth noting that in contrast to the British the French have made no official representations to American authorities against the operation.

4. British Political Position: The British have repeatedly since the inception of the operation expressed misgivings about the security and political consequences of the operation. We have received these representations officially and unofficially through British military channels as well as through the Foreign

Office. Successful British penetrations of the operation have allowed them to conclude that the elements of Odeum are to be treated as powerful forces toward German nationalism or the renaissance of Fascism. It is also the British contention that elements of the former German Abwehr are to be treated as constituting present day German intelligence which is primarily aimed at the penetration and neutralization of British and American intelligence in Germany. If these allegations are sincere, it can be expected that the British will strongly oppose UTILITY's candidacy. This would also be in line with their policy toward the SPD. To the best of our knowledge the British are not prepared to propose an alternate to UTILITY which suggests also that the British have not attached great importance to an appointment to this office at this time, but will rely on their right to disapprove any candidate.

5. Establishment of GIS: In all probability, the official recognition of UTILITY, together with his continued, if unofficial, connection with ODEUM, will establish him as the de facto head of German intelligence, and very likely, as one of the most powerful men in Germany. If we regard such a development as inevitable, then we might well welcome UTILITY as the selection. Although he will probably not be unduly swayed by gratitude toward us, he is unquestionably Western oriented, and all three of the Western Allies have penetrated his operations to a degree sufficient to afford at least a window into his future activities. The other side of the coin may or may not be politically more attractive--in setting up UTILITY as the de facto head of German Intelligence, we are taking a long step toward the creation of a strong, effective, friendly intelligence service capable of playing an independent though allied role in the security of Western Europe.